

# This Computes!

**Department of Health Care Services  
Children's Medical Services Network  
(CMS Net) - Information Bulletin #220**



## **Inappropriate Claim Authorizations REVISED**

**11/07/07 Update:** Due to the effort being required as part of the switch to the National Provider Identifier (NPI), we have delayed the requirement that all Legacy authorized claims be sent to the Regional Offices for processing. Counties should continue to process claims from their Medical Consultants (CMS prefix provider numbers) as usual until instructions are issued. However, counties are reminded that it is inconsistent with Health Insurance Portability and Accountability Act (HIPAA) requirements to process claims from providers using the Legacy authorization process, as these providers should be issued Service Authorization Requests (SARs) for billing purposes.

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Review of claims processed by Electronic Data Systems (EDS) indicates that a large number of claims for services provided to CCS children continue to be submitted using the legacy claim approval process that existed prior to implementation of the CMS Net Service Authorization Request (SAR) process which enables CCS providers to submit claims directly to EDS and Delta Dental. Some county CCS programs continue to receive hard copy claims from providers, process and stamp them, and then forward the claims to EDS for adjudication. These claims are forwarded to EDS without SAR numbers in the authorization box.

Requiring a healthcare provider to submit a paper claim is inconsistent with the requirements of the federal Health Insurance Portability and Accountability Act (HIPAA) standards for electronic transactions (45 CFR, Parts 160 and 162). With very few exceptions, e.g., claims for orthodontia for cases in which the course of treatment was initiated prior to implementation of the SAR process, only claims authorized with a SAR should be submitted for services rendered to CCS clients. Claims should not be submitted to or processed by CCS county offices. They

should be submitted directly to EDS or Delta Dental, either in hard copy format or electronically, at the discretion of the provider, for adjudication.

Claims submitted to a county CCS Office that do not have a SAR should be returned to the provider. If the billed service has already been authorized by a SAR, the provider should be advised to include the SAR on the claim and send the claim directly to EDS or Delta Dental. If no SAR had been issued, the county CCS office should contact the provider and explain the process for requesting a SAR.

Many of the claims reviewed were from pharmacies or laboratories. These providers should be obtaining the SAR numbers from the providers who wrote the prescriptions or ordered the diagnostic tests. Such claims should be returned to the provider advising them to obtain the SAR number from the physician.

Other claims were 'routine' physician or facility claims for services that should have been rendered pursuant to a SAR and should have been submitted directly to EDS for adjudication.

We are instructing EDS that effective November 1, 2007, claims for CCS clients from CMS Net counties submitted by providers without a SAR should be denied, even if the claims have a CCS county stamp and a legacy CCS authorization number. You can help your providers to avoid such claim denials by educating them to obtain SARs for CCS services and submit claims for services rendered pursuant to SARs directly to EDS or Delta Dental. You should begin your provider education process now.

If subsequent to November 1, 2007, there are claims that must be submitted for adjudication without a SAR; these claims must be sent to the State Regional Offices for exception processing in order for them to be accepted by EDS. Instructions for handling such exception claims will be issued prior to November 1.